



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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Dana S. Appling, Director

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June 26, 2006

Honorable Fabian Nuñez
State Capitol, Room 219
Sacramento, CA 95814

RE: AB 2987 (Nuñez) Support If Amended

Dear Speaker Nuñez:

The Division of Ratepayer Advocates (DRA) supports increased competition in telecommunications and information services as a means of lowering costs and ensuring the widest possible access for all consumers. Your bill would provide telecommunications companies with streamlined regulations for entry into the video market, providing increased competition for such services. However, AB 2987 may have the unintended consequence of creating pressure for telecommunications companies to increase the rates they charge for basic phone service in order to raise the funds needed for their entry into these new markets.

In order to ensure that basic phone service customers are not harmed by relaxing the rules for entry of telecommunications companies into the video market, The Utility Reform Network (TURN) has proposed an amendment to AB 2987 that would require that rates for basic phone service be capped at their current levels for a period of four years. DRA believes that TURN's proposal is a reasonable approach to safeguarding the interests of telecommunications customers. DRA urges you to incorporate TURN's proposed amendment into your bill. With that amendment, DRA supports AB 2987 and looks forward to working with you to pass this important legislation.

If you have any questions or would like to discuss this matter further, please call Matthew Marcus our Legislative Director at (916) 327-3455 or me at (415) 703-2544.

Sincerely,

Dana S. Appling, Director
Division of Ratepayer Advocates